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P R O C E E D I N G S

MR. WALCZAK: Great. Good afternoon, everyone. I appreciate your time and interest in the fund. As Mike said, I'm going to give you a five or 10 minute overview. Many of you I'm sure have been on a call or calls with me in the past or have seen literature. So I will keep it as short as possible to leave as much time for questions as possible. Recall that the fund trades options on the S&P futures contract. The fund does not actually trade the futures contract. The important thing to know is I'm using options on an S&P 500 vehicle.

I use options because they're risk-limited. I manage the fund from a market-neutral perspective. Important to note that that does not mean I am actively balancing long and short exposures. What that means is, the fund is not a trend-following fund. Within the fund, I'm not taking any signals from any analytical models that tell me whether to go long or short of the market. What I do is I use option structures to capture return opportunities whether the market is going up or whether is going down. And then I react to what the market does in order to manage risk and optimize returns.

And let me talk a little bit more about each side of that equation in terms of market up or market down. Very important to know on the upside what I do is

I use an options contract which basically has no downside risk to it, other than the premium you pay. So I use combinations of options, buying some, selling others. The sale of the options removes the time decay from an options contract but preserves some of the upside exposure.

And what I mean by that is when the fund takes upside exposure, I do that within a profit range. For those who are not options experts, but may have a little bit of experience in selling covered calls, it's a similar type of scenario. When you have a security or a portfolio and you sell calls against that portfolio, you are capping your upside. You still have upside but you are capping it at a certain point. In exchange for that you collect the call premium. And that gives you a little bit of downside protection.

In my case, I'm buying options for the underlying security. I'm selling other options. This leaves me with actually no downside risk in a falling market from this position. But because I'm selling multiple options above the position, it gives me a profit range, not on limited upside. And more importantly, the risk of this position is to the upside, not to the downside. And I think that's an important distinction.

So what I've done, when I take upside exposure

in the fund, I'm choosing to replace downside risk with risk to the upside. That means, I don't have black swan risk. I down have geopolitical risk. I don't have a Janet Yellen news conference risk. I don't have bad earnings risk. But I do have risk that the market may advance too rapidly and too far beyond the profit range I've selected for the fund. So that's the risk when I take an upside market exposure within the fund.

To the downside, what I do is I attempt to profit from rising volatility. When markets go down, and we just experienced that recently -- in fact I'll be able -- we've had an interesting market environment over the past month, month and a half. And I'll come at the end of this and talk a little bit about how what I'm saying in theory applies to the fund performance you see every day in the different type of market moves that we've seen.

But to the down side, I'm not trying to capture a price range, like I've suggested, to the upside. In fact to the downside, what I'm doing is I'm trying to capture a spike in volatility. I do that because when markets go south, there's no telling where price is going to end up. Typically a downside market experiences all sorts of volatility and there's nothing -- there's really in my mind no such thing as a downtrending market.

Markets tend to be very volatile and not trending to the downside. They just go down. They bounce. They go down some more. They do really lots of different things. But the one thing you can count on is volatility. So to capture returns in a downside market, what I do is I construct positions of S&P options that are long volatility. Volatility is the most important component of the option's price. By buying and selling options I can construct a low risk, long volatility position in the marketplace. That's what I do to attempt to earn a return for the fund through the downside.

Now, all of these things that I described, upside exposure, downside volatility exposure, they do require some sustainability of that environment to make money. Meaning if you get a one day or even one week spike in volatility, well I will certainly add an opportunity within the fund to add long volatility positions. But if that volatility immediately vanishes, as we've seen in the last month or so, then those positions will be at best marginally profitable. However, they really don't carry risk of losing money when volatility collapses, so that's the important point.

Similarly, when markets are advancing, if I put an upside exposure above the market, which is typical for what the fund does, and the market suddenly, as we saw in

early October, suddenly takes a waterfall type of decline, well these positions will simply break even. And if there's been a little bit of profit accumulated, that profit will be given back. But relative to where the position was entered, they'll simply break even.

So what we need in either situation is, if we're going to have an uptrend, let's have that uptrend continue for four weeks, six weeks, eight weeks, ideally a quarter. And the fund can take advantage of that. Similarly, to the downside, if we get a volatility spike that puts the VIX, for example, above 20, let's have that VIX stay above 20 for at least longer than a week. Let's have it stay above 20 for four to six weeks. Without getting into the technical details, that's kind of the time frame for options structures that I use to play out.

So, the net of all this is again, market -- the fund is market-neutral, in that I don't take trend following types of signals. I use options to profit on both sides of the market. Because volatility is so important to options pricing, the general behavior characteristics of the fund is that it will do -- it has the opportunity to very well in high volatile markets, once again, as long as that volatility is sustained at least for four to six weeks. Not just for a few days or a week or two.

It will do less well in low volatile markets, but at the same time it can perform equivalent to an index, as long as the index's advance is moderate. Once again, recall that my upside exposure carries with it upside risk, not downside risk. That's preferable but the risk is still there. So if markets rise parabolically, we saw that a lot in 2013, we saw a little bit of it recently, then that's where the fund is exposed to some potential losses.

The other thing to know about the fund -- so essentially with the volatility, it will do well in high volatile markets, high volatility markets. Not as well in low volatility markets. Worst case scenario for the fund is a relatively low volatile market that also advances at a rapid pace. The other thing to know about the fund generally, its behavior characteristics, is that its returns are non-correlated to the S&P. If you run that correlation based on monthly returns, over the almost nine years the fund has been in existence, you get a small negative correlation. And even that small negative correlation goes to nearly zero if you eliminate the one single most negatively month in the fund's history. That was October of 2008. The market was down 20 to 25 percent. The fund was up 20 percent in that month. Obviously that's an outlying data point. If you

through that one month out of nine years of history, the correlation of the fund to the market goes very, very close to zero.

So it's a non-correlated asset. It's one that can do well in volatile markets when equity portfolios are suffering. It can keep up with the general pace of an equity market in a normal, low-volatile advance. It will struggle during times when price advances, advances are extreme. But overall it makes a nice diversification piece in an equity portfolio.

So having said all that -- and I think many of you have either read or heard me talk about that before. Let's apply a little bit of that to some of the recent market movements. So what we've experienced, which has actually been fairly rare over the last year or two -- the last year or two obviously have been fairly strong advances in the marketplace. We finally had a mere 10 percent correction at the beginning of October, which was followed by an even greater advance off of the lows, both of which were very unusual, over the past three or four years of market conditions.

So as we entered October, the fund was positioned almost exclusively to the upside. Again, not because of a prediction of market direction, but because that's what the models I use around options pricing and

the index pricing signaled me to do. So upside exposure. Relatively unexpectedly or without warning, the market went into a fairly steep decline. During that period of time, the signals I take from models caused me to begin to add volatility positions.

Now, remember for this dive so to speak, I had no volatility positions on because my models would not signal them until we get volatility behavior, until volatility begins to rise. And when that gets signaled then I'll put them on.

So I built volatility conditions on the way down. The fund was relatively flat, and that's typically what you can expect during the first part of any kind of downturn. And that's the first priority for the fund is to protect, guard against risk and protect against downside in a down-trending market. If down-trending or downward moving markets and volatility persist, then the fund has an opportunity earn a return. But the first thing that will happen is that it will -- it will act essentially like a call option and show limited downside movement. Again, that's a good thing for an equity portfolio in that type of environment. If the position persists, we can also earn a return. And that's part of the fund's strategy.

Coming off the low, the market advanced in a

pretty rapid fashion. And one of the things I do as a routine part of the strategy is that when market conditions change, I will adjust positions first and foremost to manage risk but also to optimize return.

And what that means, for example, before the market entered its downturn, we were positioned for upside exposure in the high 2000s and 2100 and above out in December and January for the fund, assuming the trend would continue. As the market nearly collapsed near 1800 on the S&P then clearly it looked less likely that those type of 2100 numbers on the S&P would be able to be achieved. So I adjusted positions to bring our upside exposure down closer to 2000 on the S&P. So the market advanced pretty rapidly; the upside risk of these positions came into play. And the fund has recently suffered a bit of a drawdown.

Now, I will tell you this is completely normal behavior for the strategy. It's something the fund has experienced in 2013, and in its history prior. That's the nature, as I mentioned, of the fund's strategy in how I take upside exposure. There isn't downside risk but there is some risk if the market advances rapidly.

The risk can be managed. I choose that risk over downside risk. And that's simply the way the fund behaves and strategy behaves and has always behaved over

time. So that this type of situation is to be expected, and is within the purview of the strategy. But I think it gives you a good idea of the fund's behavior characteristics. You'll see limited downside in a sudden decline. Decline persists. The fund has an opportunity to make money. In a strong advance, you'll likely see some drawdown in the fund as the advance moderates and as the strategy adjusts for the advance and the fund continues to have an opportunity to make some money, even in that kind of environment. And that's the situation we're in today.

So let me stop there and open -- open up for some specific questions.

MR. MINNICK: All right, ladies and gentlemen. Again, if you have a specific question, please hit star and five on your phone, and that will cue me in to see that you are looking to ask a question. And we have a couple questions that had come in through via e-mail. One of the questions was if you could discuss a little bit about the taxability on the fund. Specifically they reference, go over a little bit on what a 1256 contract is and how that relates to short and long term capital gains for the fund.

MR. WALCZAK: Sure. So, the holding period for everything I do is short term. Not necessarily -- that's

not necessarily a part of the strategy, but the models and signals that I take from my strategy leads me to be in a basically a 60 to 120 day options expiration cycle. So everything I do is generally 120 days or shorter in terms of holding period. The good news is that the options contracts -- and you'll have to see a tax accountant to understand why, because I certainly don't. I just know that it's an IRS rule that classifies these options contracts as 1256 contracts, and 1256 contracts are automatically taxed. Gains and losses are automatically taxed at 60 percent long term, 40 percent short term, independent of holding period.

MR. MINNICK: Okay, great. I appreciate that. Another question we had was -- and a few advisors have expressed that. When they look onto Morningstar, it seems that there's a large cash position in the fund. If you could go over a little detail in how -- why it reads out that way? Is it a large cash position? And the --

MR. WALCZAK: Sure.

MR. MINNICK: -- and any explanation on that.

MR. WALCZAK: Sure. The cash position that Morningstar quotes I believe is a little bit misleading in the following sense. I've described the strategy as one in which I'm both buying and selling options. And because of the time decay nature of options, what I do to

Page 13

manage the risk of losing money through time decay is I try to keep my options, my net options positions neutral. Meaning, the options contracts I buy are funded by the options contracts I sell. So if you add up the value of the long options and subtract the value of the short options, you're going to get a number most of the time pretty close to zero. And that's what Morningstar is keying off of. They're looking and saying here's a fund with $500 million in assets, and the net value of their positions, long minus short, is nearly zero, which says to Morningstar that the fund's capital is almost 100 percent in cash for example.

That's somewhat misleading, because in fact by taking on short options positions, the fund has a collateral requirement at its prime broker. And so the collateral requirement is a better measure of the employment of the fund's capital. It's not something I manage to, but it is more reflective of how quote unquote, "fully invested" the fund is as opposed to the normal measure of a fund's investment posture by looking at how much cash it has.

The collateral requirements for the fund is -- usually fluctuates around 50 percent. It does fluctuate on the basis of market conditions, and it will fluctuate based on the opportunities and risk that I see in my

Page 14

strategy models. So it can fluctuate. And that range is generally between 30 and 70 percent. So that's probably a better reflection, but it's not one that's going to be visible on any Morningstar or any other reporting site that you might look at. That's an internal number that I can see that Catalyst can see, but it's not something that's going to be available. But know that the fund's capital is generally -- the collateral requirement is generally between 30 and 70 percent. And I will tell you also that you don't want to see that collateral requirement up near 100 percent. It's different than a stock portfolio where it if you're 100 percent in you're 100 percent invested. Not necessarily a bad thing.

There is some leverage so to speak built into an options contract. That leverage has to be very carefully managed from a risk standpoint. And I can tell you that that's -- I don't manage through the collateral requirement; I manage through some risk parameters. But if that collateral requirement approaches 90 or 100 percent of the fund, that's not a good thing. I manage - - I do manage it very carefully to control the risk. And you don't want -- with an options portfolio, you do not want a collateral requirement approaching 100 percent of your capital.

MR. MINNICK: Okay, great Ed. Appreciate that.

Page 15

I had one more question that had come up coming through e-mail and it relates to what could you do wrong that could cause you to lose 50 to 75 percent of the value of the fund? And I believe I know who this gentleman was. And I think if you could just go over a little bit about what, how you do your stress testing to keep the volatility low within the fund and keep those variances within a low volatility range?

MR. WALCZAK: Sure. I'll talk about risk management. In terms of what I could do wrong to lose 50 to 75 percent of the investment, I -- I don't know how to describe my reaction to that question. I just can't fathom a loss of that magnitude. I use risk management to control losses to roughly 8 percent. That's the number I use in stress testing. It is larger than the largest drawdown the fund has had in the last seven years. And that's been the period of time over which the risk management system I use now has been in place. The largest drawdown was a little over 7 percent. As I said, I control it to 8. Eight percent is not a hard number, simply because of slippage and so forth in execution. But that's the number I control to when I do stress the portfolio.

And I do the following things. First of all, I use a few basic options spreads over and over and over

Page 16

again. And what that means is, I'm not reinventing the wheel every day. The strategy I use and the models I use generate signals. And I -- I react to those signals with basically two different types of options spreads. The differences are in where they're placed. Is it going to be December expiration, January expiration? Is it going to be a 2000 strike, a 2050 strike, et cetera. So those are the differences, and those are once again driven by pricing models.

But the important thing to know is, I use certain option spreads. I have carefully evaluated the risks of those spreads individually. In other words, when I put on a spread I know that hey, this spread has upside risk, this spread has volatility risk. This spread will react in a certain way to time, so it may have time risk associated with it.

So I know the risks associated with the spreads. I hedge those risks when I put them on. In fact the spread itself contains long and short positions designed to at least partially hedge those risks. So each position I put on is immediately hedged. In fact that may go to the original question about how do you lose 50 to 75 percent of investment? You go out and you do something that's completely unhedged from the beginning, and then you don't pay attention and before

you know it you've lost a lot of money. That's certainly how you could lose 50 percent of your portfolio. In my case, I'm putting on positions, and each position has already been risk evaluated and risk hedged.

Remember, the hedging of risk doesn't eliminate the risk, but it is designed to offset the risk characteristics of a position from the outset. So in this circumstance I put on a position, and even if everything goes wrong from the start, there's something in place to buffer potential losses.

Second, once I put on positions, and I do -- obviously within a mutual fund portfolio I put on positions every day, pretty soon I accumulate relatively complicated options positions or an options portfolio, so that even if you understand options fairly well, if you look at a portfolio listing for the fund it will be difficult for you to understand where do these things come from and what are they designed to do and how will they be affected by the market?

So, the good news is, I have very sophisticated options pricing models. I plug the portfolio into these models each day. I stress the portfolio for a series of price movements up to 10 percent. I stress the portfolio for volatility movements. Remember that volatility is the most important component of options pricing. So I

have to understand what will happen to the portfolio if one day you see the VIX go from 14 to 25 or 20 to 40 or something like that. So I stress the portfolio for volatility, I stress it for price movement, and then I look over five different time frames. A month from today, two months from today and several time frames in between. I'll vary those time frames to match up to different times and important options, expiration for part of the portfolio for example.

So I stress the portfolio. I identify what's the impact on portfolio value at these stress points. And if the impact is greater than my 8 percent limit, then I'll go in and I'll hedge the portfolio to bring it back in line.

So I spend a lot of time on this. And I think it's important. Because again, an options portfolio is not intuitive like perhaps a portfolio of individual stocks might be, where you can understand that if you're long a basket of stocks, if the market is going to go down 10 percent, you're probably going to lose a lot of money. If the market is going up 10 percent you're going to make a lot of money. Options are nowhere near that simple and it takes some modeling tools to use them. It takes fairly expensive models to understand and to manage the risk. And I spend a great deal of time doing that.

So I guess the answer again is, if I didn't do all these things, an options contract has got some leverage built into it. Yes. If I did do none of these risk management things then that would be the path to losing 50 or 75 percent of one's investment.

That can happen in a lot of different strategies, by the way, if you're not paying attention to risk. But certainly that's -- that's a way to have it happen with options portfolios is not to pay attention to risk.

MR. MINNICK: Okay, great. Thank you very much for that, Ed. Again, I do have one question here coming up from the lines. Again, if you have a question for Ed, hit star, then five. And that will raise your hand, and I'll be able to open up your line. The person that has their phone number end in 1114, I've just opened your line. Feel free to ask a question to Ed.

PARTICIPANT: Yeah. My question is, where does this -- where is this strategy positioned along the risk spectrum for investors? Help me understand better where to use it and where not to use it.

MR. WALCZAK: Well, the first and foremost aspect of the strategy is that it will -- I hate to use the word "protect" in a down market. Meaning it is not an inverse fund, where for example, as we saw in the

first part of this month, the market down 10 percent in two weeks. The fund was flat. So if you're depending on the fund to make two or three percent or four or five percent in a sudden downturn like that, that's not where the fund -- that's not what the fund is designed to do.

If the market is down 10 percent over the course of a quarter, it certainly has the opportunity to make some money. But first and foremost the fund is designed to be a piece of the portfolio that will be at least flat in a down-trending market.

At the same time, unless you get a runaway market to the upside, the fund is likely to be able to exhibit a moderate positive return even in an upmarket. So generally speaking first and foremost is the -- I guess I could describe the fund as a conservative, risk-limited equity vehicle.

So that you know, if you -- if you get a real adverse market for the fund strategy like 2013, you're going to probably look at roughly a break even. If you get a sudden downturn in the market, you'll look at a downside protected fund in that it'll be flat. If the downtrend and volatility continue for some period of time, if we're in a bear market or a couple of months we're in a correction, then you can get some positive return on it. But generally speaking, it should be a

relatively conservative way to get some extra equity exposure with downside, downside limitation, risk-limited. I hope that -- does that answer the question?

PARTICIPANT: Yeah, I think so.

MR. MINNICK: Okay, great. I appreciate that. Ed, we've got another question coming through here on the line. And again, folks, if you have a question, please hit star, then five, to signal to me that you have a question for Ed. The person that has a phone number ending in 1335, I have released your line. Feel free to ask Ed a question.

PARTICIPANT: This has been (inaudible). We talked several months ago. And I know the fund has had significant growth since we started on the first of the year. And so I've got a couple of questions for you. Number one, your capital requirement, how would it be managed if you had large liquidations in the fund, people deciding they wanted to get out? That puts you in a bind if something like that happened? And --

MR. WALCZAK: Well, as I described, the first part of the question around the high cash and the collateral requirements and so forth, generally speaking it's unusual for the fund's collateral requirement to exceed 70ish percent of fund capital. So there's always a reasonably large if you think about what that means is

20 or 30 percent of the fund is available independent of that collateral requirement for liquidation.

So, if -- you'd be talking a fairly serious liquidation if you saw a 20 or 30 percent liquidation over the course of a couple of days. But the fund is -- that's a worst case scenario. The fund is prepared to handle that. The other thing I'll tell you about that collateral requirement, as I said, I don't manage to it. I manage according to my own risk parameters. But where that collateral requirement comes from is extremely easy to remove from a position standpoint.

In other words, unlike a securities fund where if somehow you were pressured by liquidity requirements you might have to go out and actually liquidate securities holdings, typically speaking I can manage that collateral requirement with very, very little movement in the fund's portfolio. I could drop it by 20 or 30 percent tomorrow at a cost of 10 or 20 basis points in the fund's asset value. So that type of -- and that's simply due to the nuances of how that collateral requirement is calculated.

But liquidity, I don't ever anticipate liquidity being an issue for this strategy, because of the way the fund is invested, the way there's a typical cash cushion, and in addition the way that collateral can

be managed.

PARTICIPANT: Another part of this question is regarding the growth. And I think that we talked about this before. But as far as when you're doing -- obviously when you're doing options trades, you've got to have somebody to take the other side of the trade. And I think initially, the talk was, you know, $200 million would be first level that you would shoot for and that would be, you'd be comfortable with. Now we're at $500 million. Is there any problem at all with finding the guys on the CMA or wherever it is take the other side of your trades?

MR. WALCZAK: There's currently not an issue. And I have fairly routine conversations, meaning every couple of months at least, with some of the guys on the floor and the off floor people who act as counterparties. And a lot of them, you know, what I do is very analytical. And I would love to apply some hard numbers to questions like that. But there's really just not a way. It's very subjective when you talk to somebody about what might happen to your bid ask spread if I doubled my trade size. And so generally speaking, we're going to take a look at check points. I can tell you again, we have $500 million today. Not an issue. A billion is probably the next check point. I am fairly

optimistic about whether we can get past that billion. There's not guarantee, but so far I've actually seen the universe of counterparties expand as well as some cross-market liquidity coming in. Meaning the options I trade are on the Chicago Mercantile Exchange because they're options on a future's contract.

Similar options are traded at the CBOE, or the Chicago Board Options Exchange, right across the street by the way, on the SPX cash options, and on options on the SPY, Spyder ETF. And I have seen more and more crossover of market makers who will put a position on in the SPX or SPY at the CBOE, and be looking to take the other side of my trade as an offset over on the CME. That wasn't all that common years ago, but I see much more of it now. And that is expanding the liquidity pool to the extent that I am more optimistic today than in the past about where we might be able to go in terms of assets.

Of course, if we're fortunate enough to attract those kind of assets, I think there's some opportunity to go beyond that billion dollar mark. But again, we'll have to -- the only way you can truly answer a question like this is through actual execution. And I can tell you that today I'm not seeing any issue with the execution prices we get. And as we approach that billion if we approach the billion then we'll continue to monitor

Page 25

that situation going forward.

PARTICIPANT: Thank you.

MR. MINNICK: Okay, great. Ed, we have a few more questions in the queue here. Excuse me. The person at -- with the phone number ending in 1059. I have unlocked your phone. Feel free to ask Ed a question.

PARTICIPANT: Yes, Ed. I appreciate you taking the call. As you describe the strategy of the fund, it would appear that you have a strategy that will generate incremental, I'd say relatively small incremental daily movements in the fund, based on the income or the premium that you're generating and the different strategy.

I noticed at the end of the month, we had a two percent plus adjustment to the fund. And based on the history it seems that that was a significant movement. Could you please shed some light on that, what may have caused that?

MR. WALCZAK: Sure. Absolutely. The first thing I'd like to point out though is, you talked about incremental return based on premium collection. Within the fund, I am not using premium collection as a source, as a pure source of return. I do use some premium collection options selling type of techniques to offset time decay risk for the portfolio. So if the portfolio becomes profitable, that is reflected in a net long

Page 26

options position. A net long options position is immediately exposed to time decay. So the fund can earn some money in the strategy I described, and then watch the market go flat and watch that profit erode through time. So when that occurs, I will use some premium collection and take that profit out of the market so to speak. But I'm not generally depending on time decay as a source of return.

Now, the second half your question specifically about Friday is, I mentioned that the upside exposure the fund takes has upside risk to it. And the way options work is that risk is dependent on time in the following way. For example, I can quote you right now, when I talk about a profit range -- I've got positions out in November. November options expire two weeks from Friday. The profit range for those positions is currently between 1970 and 2035 on the S&P. So on the face of it that says, great news. We are right in the middle of that range, a little bit to the upside, but we're in that range where we can make some money, and that's absolutely true. However, the way options behave, if you get there too fast what happens is the short options part of the equation, they still have lots of time left in their lives so to speak, and if you get there very rapidly, as we have over the past couple of weeks, then the short

Page 27

options positions increase also very rapidly in value, overcoming the appreciation from the long options' value. And that's the type of phenomenon that accounts for a day like Friday where -- and there's some other things going on which I'll talk about in a minute as well. But a day like Friday simply means that you've now capped off an 11 percent move in 12 days. And without the time for those short options. What you'd like to have happen is the long option appreciates. The short options appreciate at roughly the same rate. And that's what happens when the market advances in a general -- in a normal, general, moderate uptrend.

What happens when the market spikes higher, which is relatively rare, is that the short options appreciate much more rapidly than the long options appreciate. So even though the fund is positioned pretty much where we'd like it to be, it just got there too fast. And when you get a sudden move in the market, both over the last 12 days we see 11 percent and in a single day we're here up over a percent at the top of that range, you can get a fairly outsized move.

Now, I will tell you the other interesting thing that occurred on Friday is a whole lot of market participants were caught off side. It was a pretty big surprise. The Bank of Japan, overnight. And what that

Page 28

means is, there were a lot of people who were betting on a decline. I know this talking to guys on the floor. And what happens in that scenario is you're caught off side. You wake up in the morning and the market is up 20 handles as they say in the business, and everybody has to buy calls. So calls are bid through. The fund was short some calls and long some calls. But the short calls were bid up pretty severely, and that accentuated the move. But that's just a little bit of accent to the position. Overall, that type of reaction will happen when you see a market advance like we have over the last couple of weeks. I will tell you, however, that it is manageable. And as I said, the fund is in the middle of the profit range, and if we are flat from here, then that's exactly where we want to be.

Similarly, to give you an idea of how time makes a difference, if the market had -- which is more normal market behavior, if the market had bounced around a little bit at the lull and a week or two from now had done 11 percent in a few days, you would have seen the fund make a lot of money. And so it all depends on how you get there as well as where you get to. So if the market bounces around up here for a couple of weeks and doesn't move too much, there'll be a little volatility in the fund, but generally speaking the fund will make a

Page 29

nice return. Because we're, pricewise we are where we want to be.

But just again to recap, when you see a day like that, you know that we are right at the upper limit of where we want to be in terms of market movement. And likely the market has come pretty far pretty fast. And again, that's a characteristic of what the fund does. And you'll see that every time you see an 11 percent pop in 10 days, most likely.

PARTICIPANT: And that's going to be obviously relatively rare, so.

MR. WALCZAK: Yeah, I saw some -- I saw some analyst comments that suggested this was the rise of the century. Now, I think that's a little bit of an exaggeration, but analytically if you look at it, it hasn't happened in about three or four years. So it doesn't happen very often.

And as I said, the reason I exchanged downside risk for upside risk is, it's not pleasant when that happens on a particular day, but I can tell you, it's much easier to manage that kind of upside, because you never truly get a crash through the upside. If we were sitting here talking about hey the market was down 2 percent, down 11 percent in the last couple of weeks, and down another 2 percent on Friday and the fund was down 2

Page 30

percent, I can tell you that you'd be running a real risk that the market was going to go down another 2 percent in the next two weeks and we'd all be in trouble.

In this case, I have a lot of confidence in telling you that the market will not be up another 10 percent in the next two weeks, and that this has happened before and we're pretty -- we're in a pretty decent spot.

PARTICIPANT: Thanks for taking the call, Ed.

MR. WALCZAK: Sure.

MR. MINNICK: Okay, great. Thank you, Ed. Ed, we had another question in the queue here, phone number ending 1114, your line is open.

PARTICIPANT: Yeah. Ed, how should an investor view returns in appropriate timeframe with this kind of a strategy? I mean how should we set expectations for clients in terms of what returns can we reasonably expect and what's a reasonable period of time in which they should expect to have to be patient to get those returns?

MR. WALCZAK: Sure. Good question. Timing is very important, because again, we're dealing with options contracts that have an important element of time built into their pricing and how that pays. So the most important thing is the shorter the timeframe -- two things. The less, the less you'll be able to understand what's going on. As I mentioned, if the market had

Page 31

waited two weeks, and still exhibited this extreme upside move, we would have gone from a flat performance to a pretty profitable one as I sit here today. And that may still occur in a different direction. We may have -- instead of going up, if we go flat from here, we can arrive at the same place at the same time but different paths getting there, one path being a little bit more pleasant than the other.

So the important thing to think about is you want to not pay a lot of attention to daily price moves. The fund's portfolio is constructed and dependent on signals I'm getting from options pricing and volatility models, so at any given time it's really impossible to predict what a particular day's impact. But sometimes you'll see market up a percent. The fund will make some money. Sometimes you'll see market up a percent and the fund will decline. So I think you have to get clients accustomed to the fact that it's not a correlated instrument. It's not long on the market. It's not short on the market. And it really takes at least a month to play out. So if you see volatility that VIX above 20 for example for a month, and the fund is losing money, then there's probably something wrong. That's the time when you want to ask questions. That's what you would expect to say, "Hey, that's -- that's not as advertised." But

Page 32

if you see something happen over the course of a day or a week you're certainly welcome to ask questions, but I can tell you that it's not going to be predictable from your point of view or from a client's point of view. So you really have to say look, over a period of a month or better yet a quarter, then those types of characteristics I described in terms of reacting well to volatility, doing okay in uptrending markets, still not -- not doing so well in real violent up, parabolic up markets. So again, I've just talked about it's rare, it's difficult if the market is up 11 percent in 12 days. If the market's up 20 percent in a month, that's not good. If the market's up 30 percent in a quarter, that's not good.

So, so again, that month and quarterly timeframe is where the fund's behavior characteristics will really asset themselves. Not on a daily or weekly timeframe. In terms of absolute returns, obviously I can't guarantee you returns. You -- you have or you can get monthly returns historically. Past performance is no guarantee of future results.

However, as far as I can tell, the historical returns are reflective of how the fund -- how the strategy behaves. And that's something you can certainly take a clue from. But generally speaking, you want to look over a period of at least a month, better yet a

Page 33

quarter, and the fund's return profile will come forward. Generally speaking, as I mentioned too, if the market is advancing in a low volume orderly fashion, so to speak, the fund certainly has a good opportunity to deliver high single digit, low double digit type of returns. And if there's high volatility, 2008 obviously is an extreme example of that. 2011 is probably a more routine example of a nicely volatile market. And the fund can then have an opportunity to do even better in that type of environment.

PARTICIPANT: Okay. So let me try to rephrase the question just a little bit differently, then. So, not talking about short term, months or quarters. But when, when I place this type of investment into a client's portfolio, over a number of years, do we have sense of what to expect or are you basically saying there's no way to predict that because it's all path dependent, but we can simply look at the, you know, the previous 8 years and see there's a lot of variability there but it's done well?

MR. WALCZAK: Yeah. I mean, I -- as I said, that's --

PARTICIPANT: I mean, how do we set up --

MR. WALCZAK: -- that's the expectations, I guess.

Page 34

PARTICIPANT: How do we -- how do we effectively set the right expectations for this fund?

MR. WALCZAK: Well, again, it's a little bit qualitative. But what I think you can describe to clients again, is the fund, certainly over time, even including a year like 2013, if you're -- if you have a multiple, multi-year timeframe, over the time fund has the opportunity to match the S&P performance while at least sidestepping serious downturns. Again, the fund has an opportunity to earn a positive return in a downturn. But the first priority is to at least flatten and manage that downside risk. So ideally, you have a fund that if everything is working right -- and I have to continue to stress there are no guarantees. But if everything is working right, the fund can sidestep downturns and provide a nice steady moderate return in uptrending markets, that over time can match the S&P. And if you include those downturns where if all the fund does is sidestep downturns and turns in some sort of break even type of performance, in 2008 for example, you're going to come out ahead of the index on that basis.

So that's, that's kind of the expectation on a multiyear timeframe, but you do have to include the opportunity for 2013 to come along. And that gives the

Page 35

S&P a little bit of a head start if that's the benchmark. But over a long enough -- over a full market cycle, you can expecting matching the S&P performance in upmarkets and sidestepping a good portion of downside, with an opportunity to make some money in those down years as well.

PARTICIPANT: Thank you.

MR. MINNICK: Okay, great. Ed, we still have one more question in the queue here. And again, folks, if you have a question for Ed, star five, and that will indicate to me that you want to ask a question. Next question I have is coming from phone number ending 6072. I have just opened your line.

PARTICIPANT: Yes. Hello. My question is from your discussion I perceive that you, you, you've indicated that variability is normally short term and that over a period of months or quarters or longer, that variability should disappear into the normal performance of the fund.

MR. WALCZAK: Correct.

PARTICIPANT: And related to that understanding, how would you recommend in a senior's portfolio, a conservative portfolio that might, might be sort of 65 mixed bonds and 35 -- relatively conservative equities. Would it be reasonable to place a third or 35

Page 36

percent in this fund, in place of the (inaudible) portion of bonds, and have a good expectation of risk-reward being beneficial doing that?

MR. WALCZAK: Well, I think, again, it will depend on the client's tolerance for some short-term volatility. There's -- it's something that I work constantly on is trying to minimize the short-term volatility. However, the nature of options contracts -- and we're in one of those periods now -- is that as they approach expiration they do get a little bit sensitive to price movement. And as we find ourselves in certain positions, again, after a large rise, so that we're a little bit stressed on certain positions -- and you will get some short-term volatility.

So I guess if you have a client who is going to be very concerned over a day like Friday, for example, that would tend to -- I would, I would have some caution about that type of, you know, allocation, that large an allocation. Now, if you have a client who wants a conservative, over the long run, a conservative type of allocation, and understands that every once in a while you look at some near term volatility and it's not going to be concerning to him or her, then that type of allocation makes a lot more sense.

PARTICIPANT: Good. Okay. That's a good

answer. Thanks very much.
MR. MINNICK: Okay. Ed, we had a few more questions popped up here. Next one comes from phone number ending in 2598. Aloha. Your line is open.
PETER: Hello.
MR. MINNICK: Yes, your line is open.
PETER: This is Peter. Am I being heard?
MR. MINNICK: I can hear you.
MR. WALCZAK: Yes.
PETER: All right. So, very quickly, Ed. I'm just curious on, I'm going to put some more money in this. And it's so unusual what you do. I don't know any other mutual fund that does what you do. So I'm concerned -- is -- I don't know how old you are and how long you might manage this money when it comes in. I'm just curious about that, your experience in it. I'm very impressed with the record. But I just don't know what the deal is on that. Or is it -- you know, how long are you going to be doing this? Is it a five year or what? Do you have any idea?
MR. WALCZAK: So, I am 58 years old. And I'm definitely healthier and more fit than any other 58 year old on the planet. Anyone on the call who wants to differ with that, you just have to step up and I'll meet you in the gym.

PETER: Okay.
MR. WALCZAK: So, there --
MR. MINNICK: I'll vouch for that, Ed.
PETER: Well, I'm in Hawaii. So -- and I'm 70, and I still surf. So if you ever want to come and visit us, you're welcome to stay with us.
MR. WALCZAK: I will come. Which island are you on?
PETER: I'm on Oahu.
MR. WALCZAK: Oahu, great. My wife and I come to Maui almost -- not -- we don't let more than two years go by before we visit Maui, but --
PETER: Ah, okay.
MR. WALCZAK: -- (inaudible) you know.
PETER: All right. Very good.
MR. WALCZAK: Anyway, no, so I have no plans to retire. I can genuinely tell you that I very much enjoy what I do. And if I were to retire, my hobby would be trading options.
PETER: Okay.
MR. WALCZAK: So, from -- and I mean that very sincerely. From that standpoint, I don't really have any near term retirement. It's not a question of, well as soon as I make a certain amount of money, I can retire and leave this awful job. No. I started this because I

-- well, I started it to make a living at it. But I decided to make a living at it because I enjoyed doing it. And I expect to do it for many years to come. I don't have an end date in mind.
PETER: Is there anybody else that does what you do, in a mutual fund format?
MR. WALCZAK: To my knowledge, there are others who use options, either as an adjunct to a strategy -- meaning there are many ways in which you can use options as a part of a portfolio, both, you know, with equities as well as physical commodities. There is at least one other fund I know that uses options in an S&P portfolio. They generally, to my knowledge, focus on the time decay element as a means of earning a return. And as I said, there are, there are other combination strategies I'm aware of. But I'm not aware that anyone's gone down this particular path. And one of the reasons for that is, there are almost a limitless number of combinations and permutations of things that can be done with options. And it's -- it's not something I think that is, is well-researched, relative to other types of equity or even non-equity types of strategies. So I do believe that it's a pretty unique strategy. It's something that I developed over a lot of years of research and experience.
PETER: Very good. Thank you.

MR. MINNICK: Okay, Ed. We now have about four more still in the queue, so if you're waiting, please be patient. Next call we got coming through, your phone number ends in 2004. I've just opened your line. Feel free to ask Ed a question.
PARTICIPANT: Thanks, Ed. I appreciate the call. How have you seen advisors use it, or what do you recommend from a position in an allocation? Where do they take money from? What size of it? And you know, I know there's no one way of doing it. But any helping hints?
MR. WALCZAK: Sure. And again, I'll give you the caveat, which I think is a correct one. I don't mean to cop out. But obviously one of the roles that an advisor has is to understand his client's risk-return profile. And as I suggested earlier, you will see a little bit of short-term volatility in the fund. It's the nature of an options contract. Over the long term, I think it has a very nice risk-return profile. That's the design of the fund, is limited risk with some good return opportunity. But that is a long-term perspective. So you really have to assess the client's tolerance for some short-term volatility. And again, if you don't have it, you can get monthly returns on the fund. And particularly, if you look across '07, '08 and to date in

terms of monthly returns, it gives you a pretty good idea of what to expect. And you have to make sure your client is comfortable if that type of return profile continues. But in terms of where it fits in the portfolio, I think it makes an excellent piece in a part of a portfolio you would look for a noncorrelated vehicle, because it is. You would look for some diversification.

And it's actually favorable diversification, to my point of view, in that if you -- if you have a piece of your portfolio where you currently have a strictly non-correlated asset class of some kind -- maybe you've got real estate. Maybe you've got some commodities fund or some other alterative strategy. One of the unique things about the fund is that, again, you can do the math. It's non-correlated to the S&P essentially. Yet at the same time, because of its relationship to equity market volatility, it has an opportunity to do very nicely the more equities struggle. And that struggle is usually reflected by volatile markets.

The better an environment for the fund it is -- and conversely -- we saw this in 2013, the more equities go parabolic to the upside, the harder it is for the fund. So although it's non-correlated, it does have that relationship that makes it a very, very nice diversification slice for a client portfolio. And

because it has the opportunity to at least keep up -- it's one of those pieces where it's not going to be dead money when the equity markets are rising, and you have to tell a client, well, look, the reason we've got this is not for -- not to be a part of the equity portfolio. And so it's going to be flat if the market is up 10 percent, or down if the market is up 10 percent. That's not the story you have to tell. It really does have that nice relationship and can be an excellent diversification tool in a client portfolio, once again, depending on the client's tolerance. But the type of, you know, monthly volatility that you can see in the, in the fund's historical record.

PARTICIPANT: Thanks. Hi.

MR. SZILAGYI: This is Jerry Szilagyi. I'm the President and CEO of the Catalyst Funds, and I've been listening in to this call. And first, I want to thank all of you for listening in, and your support of the Catalyst Funds. But more importantly, I wanted to add just something to Ed's answer to that question, because I have talked to a lot of financial advisors about this fund and our funds in general. And I -- I use all of our funds, including this one personally in my portfolios. And kind of the way that I view this fund fitting into client portfolios is as a significant portion of the equity side

of the portfolio. I know I read a lot about, you know, allocations and liquid alternatives, and people looking at, well what percentage of my portfolio should we allocate to alternatives? And I don't view this particular fund as something that should be quote, "Part of an alternatives bucket," but more something that should be part of the equity part of the portfolio. Because under many circumstances and market scenarios, this fund will deliver returns similar to equities, in flat to gradually rising markets. And then at the extremes, when we have a significant bear market like 2008, it could provide significant downside protection and even positive returns, offsetting losses in the other parts of the equity portfolio.

And then on the other extreme, when we have significant upside, this fund will not deliver those returns. It'll be flat for potentially slightly negative. But the rest of the equity portfolio should be doing very well. So that's the way that I kind of view this particular fund and how it should be used in client portfolios.

MR. MINNICK: Okay, great.

MR. WALCZAK: Thanks for that assist, Jerry. Now, you see why I'm not a national advisor, and why Jerry runs all the funds, and I only run one.

MR. MINNICK: Great. All right. We've still got a couple more questions here. And I know we're getting a little tight on time, so I'm just going to run through them here. The next person I have your phone number ends with 2972. I just opened your line. Feel free to ask Ed a question.

JESSE: Ed, hi. Jesse Bloom (phonetic), Florentine Capital.

MR. WALCZAK: Hi.

JESSE: Hey. For Peter, I think it was, who was just asking if there's other funds out there, there's not. Ed and I have talked before. I have a substantial amount of options experience, trading experience personally and for clients. And I'll tell you, I haven't seen anything like what Ed's doing, but it's completely legit. So not trying to peel a nut for you Ed, but just admiring how you're trying to explain such a complicated topic. I'm kind of laughing under my breath, because it's very difficult to do, and I know. But there is a lot of opportunity in the options market if you take the time to study them. My question though is, 2006 you knocked it out of the park. And that, you might have mentioned this on the front end where you said you maybe tweaked your risk management a bit.

I think I also noticed that the maximum fund

drawdown occurred in 2006, 20 some percent. And I don't think since then there's been a drawdown that I saw in the monthly data that exceeded much more than about 10 percent. So I'm assuming you used a little bit more leverage early on. So would you touch on that a bit? And then --

MR. WALCZAK: Sure, absolutely.

JESSE: And then --

MR. WALCZAK: So --

JESSE: Yeah, go ahead.

MR. WALCZAK: So, and I'm -- I want to be a little more specific about the monthly drawdown, I think subsequent to -- subsequent to the 20 percent drawdown was early '07, it has been limited, I believe, to a little over 7. But I'm not looking at the numbers right now. But at any rate, two things happened in '07. One was, a little bit of leverage, and leverage means, again, the fund does not borrow money to enhance returns. Leverage means how many options positions are used at any given time per unit of capital. So some of that was leverage. Some of it was using premium collections as a return strategy. And premium selection generally has more risk associated with it. So, after the drawdown in 2007, I reevaluated the different elements of the strategy and deemphasized premium collection as a method

of avoiding large drawdowns.

And as I also mentioned earlier during the call, I put in a much more risk management, set of risk management protocols designed to prevent a drawdown anywhere near that size from occurring again. And I think that the subsequent performance record identifies how successful that risk management protocol and slight strategy shift was. Because obviously since 2007 we've gone through several market dislocations, including obviously 2008, which was the worst bear market since the depression. So exactly -- somewhat reduced number of positions per unit of capital. But we're probably -- more importantly, deemphasized premium collection as a means of earning a return, and instituted a very, very comprehensive and strict risk management protocol.

I can tell you I was highly personally motivated to do that, because at the time of that drawdown, well actually to this day, a significant portion of my personal investment capital remains in the fund and was in the fund at the time. So, not just in the interest of shareholders but also in my own personal interest, that type of drawdown is absolutely unacceptable. And I took steps to avoid a repeat occurrence. And those steps appear to have been successful over time.

MR. MINNICK: Okay. All right. Thanks very much for that question. Moving right along, because we've still got a couple more people waiting in the queue. I want to make sure we address everyone here. Phone number ending in 3011, I've unmuted your line. Feel free to ask Ed a question.

PARTICIPANT: Hi, Ed. Thanks for taking the call today.

MR. WALCZAK: Sure. You're very welcome.

PARTICIPANT: Just a quick question. You had mentioned earlier on that you're pleased with the pricing for your November options. Assuming that the market, you know, goes back to whatever normal is now -- we saw a big sell off, a huge recovery. You've discussed the performance and why. But you know, if we just sort of go back to a normal recovery through the end of the year into even the first month or two of next year, how do you see the recovery of the fund doing?

MR. WALCZAK: Well, we have a -- we have a nice opportunity. Again, assuming that we proceed in a more normal fashion. And it may take some time. I'll give you an idea. I mentioned that I use long and short options positions, and that when you see an upward spike in the market it adversely impacts the fund's NAV. What's really happening is, the short options positions

are increasing in value more rapidly than the long options positions. So what we'd like to have happen is, the markets slow down. Then the -- even with a slow down or a flat -- and especially in a flat market, then you have the reverse happening. Then all of the sudden, the long options will start to increase in value faster than the short options do, which is the general goal of that part of the strategy.

So the -- as I mentioned, the fund is in a good spot now. If we were to see another percent or two move in the next couple of weeks, that would cause me to do some more risk adjustment. It would probably cause a little bit of additional drawdown on the fund's NAV. However, the typical method for doing this is to take profits on the long positions and reestablish short positions further away from the market and further out in time, until such time as the market stabilizes and behaves itself, so to speak, in a more normal fashion.

` So, one of the advantages that the fund has because of the nature of options contracts, is to be able to realize gains while deferring potential losses on the same position. And that allows us to buy time until the markets stabilize. And then ideally those losses can be -- the losses, essentially expire in the way options behave. So I don't want to quote specific numbers other

than to say that the fund certainly has an opportunity to recover and if conditions turn out to be ideal, recover beyond the high for the year. But again, that's all dependent on market behavior. We may have some more drawdowns. We may recover nicely. But rest assured that the risk will be managed. And as I always do, I'll be reacting to what the market does, and (inaudible) to anticipate it.

PARTICIPANT: Okay. Thank you.

MR. MINNICK: Okay, great. Ed, I've got two more questions in the queue. I know we're running a little bit long here. So I'll just go to the next person we have here. Excuse me. Your phone number ends in 4345. I've opened your line.

PARTICIPANT: Hi, Ed. Thanks for taking our call. And --

MR. WALCZAK: Sure.

PARTICIPANT: -- I basically had a question on your structures in general on your upside structures where you're buying and then selling further up the option chain. What's the total notional exposure that you take on if you go through all your strikes and then on your downside structure? Are you dealing in same maturity (inaudible) or same maturity butterflies, or are you dealing in calendar spreads, or both?

MR. WALCZAK: Well, the first thing, the easiest answer to that, below the market is a calendar structure, so that long and short positions are generally not in the same expiration months. And the reason for that is that's what gives me a long volatility exposure. When I put them on above the market the positions are in the same expiration month, and that's what actually allows the option, the position to profit at options expiration. The idea is that ideally the reason there's a range is because you'd like long options positions to be in the money and make money and short options positions to be out of the money and expire or be purchased back cheaply.

So that's sort of the underlying philosophy behind the structures. I don't routinely calculate a notional value. Once again, I don't routinely calculate a delta exposure to the market. Because options have so many different variables that affect their price, what I do is I use pricing models to identify portfolio value impact over different price conditions, volatility conditions and time conditions. Those models will take into account all of the factors, not just a delta or notional exposure to the market. And it's a more reliable indication of where risk and opportunity lies across the portfolio. So I don't normally calculate a

gross notional exposure. It's just, it's not meaningful to me in terms of what I do.

PARTICIPANT: But you're -- you're basically long calendar spreads, right? I mean, I'm sorry. You're basically (inaudible).

MR. WALCZAK: Below the market calendar spreads. Above the market butterflies and ratio spreads.

PARTICIPANT: Okay. Okay. So your, your butterflies on your above the market trades, you're basically buying out of the money, call selling further out of the money calls. And then are you selling something in the money?

MR. WALCZAK: No. Then I'll often purchase yet another call beyond to create a butterfly structure.

PARTICIPANT: Okay, I see. So that's how you limit your notional exposure from getting away from you, is your -- your long, the wings.

MR. WALCZAK: Correct.

PARTICIPANT: Okay. Perfect. Okay. Thanks, Ed.

MR. WALCZAK: You're welcome.

MR. MINNICK: Okay, great. Last but not least. One more question in the queue here. Phone number ending in 4744, I've just opened your line. Go ahead.

JAMES: Hi, Ed. This is James. How are you

doing?

MR. WALCZAK: Hi, James.

JAMES: Great. I think one of your other previous callers got most of my question that I -- it was basically with regards to the current underlying portfolio, as you expect performance going forward. Looking at, for example, last year, in December of 13 and November of 13, you had about a four percent drawdown over a matter of a couple of days, kind of like what we did recently. And it bounced back within about a week. And you had about a three percent drawdown in June of this year, and it bounced back also within about a week. Assuming market conditions are, like you said, relatively stable, should we kind of anticipate maybe a price stabilization in the fund within the next week?

MR. WALCZAK: Well, again, yeah, it depends on -- the first thing I'll say is you have correctly identified task periods that are very, very analogous to where we all today. All those drawdowns you mentioned are exactly the same phenomenon. The market moved a little too far a little too fast relative to the positions we're on. And you see that drawdown. And then what happened in the past, again, we'd love to have that happen in the future. What happened in the past is the market either went flat or declined slightly, such that

it -- it then remained right in the profit range that the positions were designed to, and that was reflected in a fairly rapid (inaudible) of the fund's drawdowns. So there's certainly an opportunity for that to happen again, but it all depends on what the market does.

And what you find is as -- because these positions are at their highest potential right at expiration and because options become very sensitive to price movement at expiration, you are exposed to some volatility as we move into expiration. We're in that position now. November options have a little more than two weeks to go. We're in that place where index price movements can magnify the impact of those positions on the fund. But yes, those periods you mentioned are exactly analogous to where we are at today, so we do have an opportunity if the market behaves similarly to how it did in the past.

PARTICIPANT: Okay, great. Now, I just have something to kind of explain to the clients, that we've got a little bit of history. It's happened before. It's not something to get over excited about it. And there's an opportunity for it to turn in the very near future, given the current position of the underlying options structure.

MR. WALCZAK: Yeah. I think that's a very,

very important take away, is there is absolutely nothing about the fund's behavior recently than is any different from history. I certainly understand that for many of you it's the first time you've experienced this, when you have client money in the fund. But that's an important message, is that the fund is behaving exactly how it's designed, exactly how it's behaved in the past. And there's no guarantee that we'll be successful, obviously, but so far nothing new.

PARTICIPANT: Right. But at least given the current positions and then the pricing and the S&P is where it -- is that not, like you said earlier, if we're okay -- flattage to make the little down issue, the next couple of weeks, then we'll be looking at a return to, I guess, a close to normalized price, or previous price?

MR. WALCZAK: Yeah. And I think you'll actually see how sensitive options become to time and to become that sort of thing, just in terms of yesterday's and today's NAV reaction to what has basically been a vey miniscule decline in price, essentially a flat market. I think you'll see yesterday and today together a little bit of a comeback in the NAV.

PARTICIPANT: Mm-hmm.

MR. WALCZAK: Yeah.

PARTICIPANT: All right.

MR. WALCZAK: Next topic I'd like to talk about short-term performance. But the fund was up 95 basis points today. I just saw the numbers, so.

PARTICIPANT: Uh-huh. Right. Right. Well, I mean, it's great (inaudible). You're never going to have 100 percent up days and you're going to have a few drawdowns. And sometimes people get a little bit spoiled just seeing incremental up days, and when you do have a drawdown, they kind of want to know what happened. So we just kind of want to make sure that, you know, the clients are comfortable with it. And you know, we can sit in here and listen to your options strategies and you know, some people have a little better handle on it than others. But when you're talking to retail clients, I mean, even basic options are kind of difficult for them to grasp. So we -- you know, we just want to kind of explain the strategy expectations going forward for the fund and their investments.

MR. MINNICK: Okay, great. I appreciate the question. And I know we're going on about 90 minutes here. So I wanted to thank everyone for getting on the call. Ed, thanks for all the Q&A here. If you do have questions that come up, you could either contact myself at 646-827-2761, that's 646-827-2761, or you could shoot an e-mail to info, i-n-f-o@catalystmf.com, and I'll be

more than happy to get back to you, and I'll check in with Ed and get a response for you. I know we still have a good number of people on the call. I do appreciate you listening in here and taking the time out of your day to get the update here from Ed. Any other questions, please let us know. And thank you very much for joining the call.

MR. WALCZAK: Great. Thanks, everyone --

MR. SZILAGYI: Thank you, Ed.

MR. WALCZAK: -- for your confidence and support of the fund.

MR. SZILAGYI: Thank you, Ed.

MR. MINNICK: All right. Thanks, Ed.

(End of audio.)

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